G. BPP Will Not Eliminate Commissions And Will Not Eliminate Competition

Even though commission payments to premises owners should not be the focus of OSP competition, commission payments have encouraged rapid expansion of the pay telephone market.

> Commissions have always been an integral part of the marketplace.[75]

BPP will not eliminate commission payments and will focus OSP competition on the consumer. A large percentage of calls placed on a pay telephone are coin calls. Even with BPP, the pay telephone provider will continue to pay commissions to premises owners based on this revenue. In addition, pay telephone providers will have the option of providing BPP routing with their own hardware and software. As discussed herein (Section VII), pay telephone providers should be compensated for providing this service. Such revenue could be slightly less than the commission payments presently paid by OSPs. However, this revenue will produce returns on the equipment investment and generate profits (out of which commissions can be paid).

Pay telephone providers will continue to receive compensation for dial-around calls (and for BPP routing if they choose to let the LEC process operator calls). Pay telephone providers also will have the option of paying commissions based on these revenues.

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[75] Intellicall at 16.

H. BPP Does Not Reverse The Commission's Present Policy Of Unbundling LEC Services

APCC and NATA understandably are concerned that BPP will reverse the Commission's present policy of unbundling LEC services.[76] However, this concern presupposes that the LEC must offer BPP from the OSS and that non-LEC pay telephones providers will not be able to execute BPP routing with their own equipment.

The line-side technology presents the LECs with a platform of new basic and maintenance services, as well as gateways to enhanced services, that easily can be unbundled and offered to non-LEC pay telephone providers. These service providers should have the option of purchasing equipment with these technical capabilities or receiving the same capabilities as a new tariffed service from the LEC.

I. Only The Consumer Should Have The Choice Of Circumventing BPP

Consumers must retain the choice of circumventing BPP if they choose. Judge Greene unambiguously states that true equal access both promotes consumer convenience and consumer choice. Consumers must have the ability of dialing-around their own pre-subscribed carrier. In addition, consumers should have the right to respond to a point-of-sale offer to choose alternate, discounted services.[77]

[76] APCC at 5-9; NATA at 2.

[77] See MessagePhone at 29-30; MPSC at 3; Ameritech PUCs at 7.

Consumer choice will not undermine BPP by depriving the LECs of a return on their equipment investment. As stated herein and demonstrated by Pacific and Sprint, the vast majority of consumers will choose convenience by using BPP routing.[78]

IX. CONCLUSION

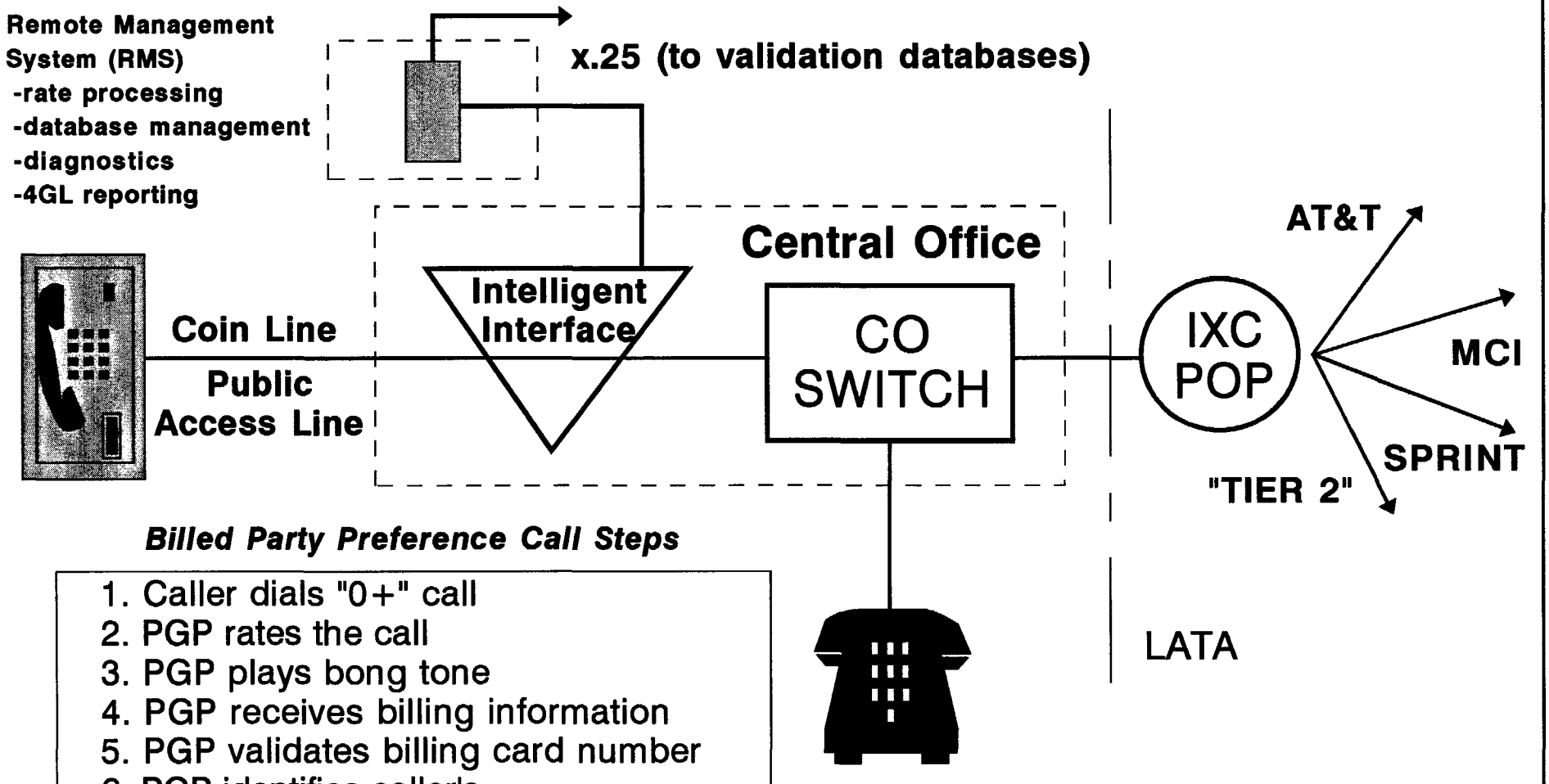
MessagePhone provides the Commission with a unique opportunity. MessagePhone's line-side architecture enables the Commission to mandate immediate implementation of BPP for pay telephones. Consumers want automatic access to their IXC and OSP. There is no technical reason why they should continue to be burdened with access codes and premises owner presubscription. With the line-side architecture, consumers of pay telephones are allowed to reap the fruits of true equal access.

MessagePhone's line-side architecture overcomes the principle objections from all parties to implementing BPP. It allows non-LEC pay telephone providers and CPE owners the freedom of choosing to provide BPP with their own equipment or with the LEC's facilities. The line-side architecture enables both LEC and non-LEC pay telephone providers to offer numerous new consumer services -- services that improve the efficiency of the network and produce significant revenues and savings. As established herein, line-side architecture assures that the LECs generate a return on their investment and that all concerned parties, including OSPs, will receive appropriate compensation.

[78] Pacific at 8; Sprint at note 10.

EXHIBIT "A"

Payphone Gateway Platform (PGP)
Billed Party Preference



Billed Party Preference Call Steps

1. Caller dials "0+" call
2. PGP rates the call
3. PGP plays bong tone
4. PGP receives billing information
5. PGP validates billing card number
6. PGP identifies caller's presubscribed carrier
7. The call is placed over the network of the caller's presubscribed carrier

EXHIBIT "A"

EXHIBIT "B"

MessagePhone, Inc. ("MPI")
Service Revenue/Cost Savings Overview
MPI Payphone Gateway Platform ("PGP") Solution

New Revenue Sources

The New Revenue Sources section details the PGP services which have not previously been available in the marketplace - "new money". This new revenue is further broken down between that available to the regulated side of the LEC ($306 per pay telephone annually) and that which is available to the unregulated side of the LEC as well as other Enhanced Service Providers ($365 per pay telephone annually).

A LEC with the PGP deployed to 150,000 pay telephones would generate $45,900,000 annually (150,000 x $306) for the regulated side of the business and have the potential to generate $54,750,000 (150,000 x $365) for the unregulated side of the business.

Other Revenue/Cost Savings Sources

The Other Revenue/Cost Savings Sources section details opportunities (including BPP) for the regulated side of the LEC ($1,246 per pay telephone annually). All of the services in this section are presently being performed in the marketplace. The PGP would afford the LEC the capability to perform these services in a competitive manner.

For "0+" to "1+" conversion and "0-" to "1+" conversion, the LEC would be performing these services on behalf of such IXCs/OSPs as Sprint, Cable and Wireless, etc. The respective IXCs/OSPs should have an interest in paying the LEC wholesale prices to efficiently provide the services with this new PGP technology.

The last seven sources "Coin Handling/Coin in Box Accounting" through "Diagnostic Monitor and Maintenance" are maintenance features which create cost savings as opposed to generating revenue. The total annual cost savings per pay telephone for these features total $373.

A LEC with the PGP deployed to 150,000 pay telephones would generate $130,950,000 annually (150,000 x $873) for the revenue producing services and $55,950,000 annually (150,000 x $373) for the maintenance (cost savings) features. Total annual combined other revenue and cost savings potentially amounts to $186,900,000 for the 150,000 pay telephones.

Although Basic BPP will be deployed to 100% of the pay telephone market, it is unrealistic to assume that the LECs will deploy the other revenue producing services to more than 35% of the market (52,500 pay telephones) because it is anticipated that most of the major carriers will want to "do it themselves". Basic BPP revenue would be $80,700,000 (150,000 x $538) and other automated (including optional processing) revenue producing services would be $17,587,500 (52,500 x $335) annually. Also, it is unrealistic to assume all the cost savings features will be deployed to 100% of the market; however, at least one or more of the cost savings features should be utilized on every pay telephone. Therefore, 50% of the market (75,000 pay telephones) is utilized for presentation purposes to demonstrate total cost savings. Cost savings would be $27,975,000 (75,000 x $373) annually. Total annual other revenue and cost savings for this more realistic deployment amounts to $126,262,500.

MessagePhone, Inc. ("MPI")
Service Revenue/Cost Savings
MPI Payphone Gateway Platform ("PGP") Solution

	Annual Revenue/Cost Savings Per Phone		
	LEC's Share (1)	Other's Share	Total
New Revenue Sources			
Automatic Message Delivery – A	$108	$134	$242
AMEX/MasterCard/VISA at the Bong – B	8	86	94
Metered Calls (Local) – C	92		92
Metered Calls (Toll & Long Distance) – C	24	26	50
900/540/976 Unblocking – D	15	35	50
Instant Information to Live Operator – E	19	44	63
Instant Conference Calling – F	40	40	80
Total New Revenue Sources	**$306**	**$365**	(2) **$671**

Other Revenue/Cost Savings Sources		
"0+" to "1+" Conversion (Basic BPP) – G	$266	
"0+" to "1+" Conversion (Optional Processing) – G	61	
Total "0+" to "1+" Conversion – G		$327
"0–" to "1+" Automated Conversion (Basic BPP) – H	136	
"0–" to "1+" Automated Conversion (Optional Processing) – H	64	
Total "0–" to "1+" Automated Conversion – H		200
"0–" to "1+" Live Conversion (Basic BPP) – H	136	
"0–" to "1+" Live Conversion (Optional Processing) – H	53	
Total "0–" to "1+" Live Conversion – H		189
Sent–Paid Equal Access – I		35
IXC Least Cost Routing – J		122
Universal Card Conversion – K		N/A
Answer Detection – L		N/A
Coin Handling/Coin in Box Accounting – M		71
1–0–XXX Fraud Prevention – N		N/A
Chain Dialing – O		23
Coin Activity Line Monitoring – P		52
Per Call Compensation Accounting – Q		N/A
Change Card Interface – R		175
Diagnostic Monitor and Maintenance – S		52
Total Other Revenue/Cost Savings Sources		**$1,246**
Total All Services		**$1,552**

* A through S reference to footnotes.

(1) "LEC's Share" represents the regulated side of the business.
(2) Represents a line of business opportunity for the unregulated side of the business.

EXHIBIT "B"

MessagePhone, Inc. ("MPI")
Service Revenue/Cost Savings
MPI Payphone Gateway Platform ("PGP") Solution

The following is an analysis of additional service revenue generated and maintenance feature cost savings realized upon deployment of the PGP by the Local Exchange Carrier ("LEC"). The services are categorized between "New Revenue Sources" for services not previously available and "Other Revenue/Cost Savings Sources" for existing services.

A. Automatic Message Delivery ("AMD")

The number of different type calls (coin and non-coin) as well as the revenue generated annually by each type call was developed for a typical COPT pay telephone utilizing public information published by Peoples Telephone Company, Inc. ("Peoples").

Assume 7,570 coin calls (90% local) per line annually are completed (70%) and 3,244 coin calls per line annually are incomplete (30%). A 10% AMD acceptance rate (324 calls per line) and $.52 in gross revenue per call (cost of call plus $.25) would generate an average of $168 per line annually.

Annual gross coin AMD revenue per line projected to be $168.

Assume 973 calling card, automated and live non-coin calls per line annually are completed (70%) and 417 calling card, automated and live non-coin calls per line annually are incomplete (30%). A 10% AMD acceptance rate (42 calls per line) and a fixed $1.75 AMD charge per call would generate an average of $74 per line annually.

Annual gross non-coin AMD revenue per line projected to be $74.

Annual combined coin and non-coin AMD revenue per line projected to be $242.

For AMD coin calls, the Enhanced Service Provider ("ESP") would receive $81 ($.25 per call) and the LEC would receive $87 ($.27 per call).

Assume the LEC charges the ESP $.05 per AMD offering for non-coin incomplete calls (417 per line). Thus, the LEC would receive $21.

LEC annual combined coin and non-coin AMD annual revenue projected to be $108.

The ESP and long distance carrier would receive $134 representing the difference in the $242 of coin and non-coin gross AMD revenue and the LEC's share of $108.

B. AMEX/MasterCard/VISA at the Bong

Presently, most callers initially attempt using a LEC or IXC card when making a long distance call. Although it will be a second harvest after the LEC and IXC cards, the PGP provides the capability to validate AMEX, MasterCard and VISA cards at the Bong. It is estimated that the 605 annual Bong calls will increase by 30 calls (5%) when this alternate billing method is provided. These additional credit card calls would generate average revenue of $2.88 per call or $86 per line annually.

Annual credit card call gross revenue per line projected to be $86.

The assumption is made that the caller will pay the LEC a surcharge of $.25 for the privilege of using these credit cards and the associated processing costs. Using the 30 additional Bong calls at a $.25 surcharge per call would total $8 of new revenue per line annually.

LEC annual revenue per line projected to be $8.

C. Metered Calls

Call metering is not available for LEC pay telephone local calls without the PGP. The economic benefit would be the revenue differential gained by being able to offer this service, i.e., after 15 minutes on a local call, the LEC can require that an additional $.25 be deposited by the caller for additional minutes. It is estimated that annual local coinage of $1,844 could be increased by 5% or $92 in additional revenue.

LEC annual local coin revenue per line projected to be $92.

Metering toll and long distance coin calls would prevent walkaways. Walkaways are costing the LECs approximately 25% of toll and long distance coinage. Assuming toll and long distance coinage of $200 per line annually, then the total annual savings per line would be $50.

Annual gross toll and long distance coin revenue per line projected to be $50.

Assume the LEC would retain 100% of the intraLATA metered call new revenue or $13 (100% x 25% x $50) and 30% of the interLATA metered call new revenue or $11 (30% x 25% x $150).

LEC annual toll and long distance revenue per line projected to be $24.

LEC annual combined coin and toll and long distance revenue per line projected to be $116.

D. **900/540/976 Unblocking**

Presently a caller cannot dial a 900, 540 or 976 prefix from a pay telephone. Unblocking these numbers through credit, bank or other card recognition would afford the caller access to a myriad of services and information data bases. All of these type calls are generally "high dollar" service offerings. This service should generate a minimum of $50 in annual revenue per line.

Annual gross revenue per line projected to be $50.

The LEC would retain approximately 30% of this new revenue or $15 for processing.

LEC annual revenue per line projected to be $15.

E. **Instant Information to Live Operator**

The PGP provides the capability to splash a call to a live operator's screen to salvage the call when the caller encounters a problem. The caller's problem could involve any number of situations such as mis-entering a credit card number, invalid credit cards, not understanding automated instructions, etc. This service should save 2% of annual non-coin long distance revenue ($3,167) or $63.

Annual gross revenue per line projected to be $63.

The LEC would retain approximately 30% of this new revenue or $19.

LEC annual revenue per line projected to be $19 for processing.

F. **Instant Conference Calling**

The benefit derived from this PGP service is the additional revenue generated from being able to hook-up (connect) the caller and called party with an additional party on a conference call. Assume this service would increase coin revenue ($2,044) by 1% or $20. Also assume 2% of the callers would utilize conference calling on the 973 non-coin calls annually. These 20 non-coin conference calls priced at $3 per call would generate $60 of new revenue annually. The LEC would retain 30% of this revenue or $20 for call set-up and processing.

Annual gross revenue per line projected to be $80.

LEC annual revenue per line projected to be $40.

G. "0+" to "1+" Conversion

Total new revenue for the LEC generated by "processing" "0" calls is divided between Basic BPP and Optional Processing.

Basic BPP:

Currently the LEC provides billing and collection services on a wholesale basis. These tariffed services are primarily provided to AT&T, Sprint, MCI, and three major independent billing services at prices ranging from approximately $.07 to $.21 per individual billing. The $.07 is charged to AT&T while the $.21 is charged to everyone else.

Basic BPP would expand the LEC services to include playing the Bong and querying LIDB for PIC determination and appropriate validation. The LEC would then transport the call and billing information to the IXC/OSP.

Optional Processing:

Call rating and rate table maintenance as well as detail accounting and processing must be performed before the CDR tape is ready for billing. Among these numerous services for billing preparation are call duration recording, CDR tape preparation, and CDR tape sorting for billing. Currently, both Sprint and MCI have made capital expenditures to perform these functions for themselves. They may or may not want to turn these procedures over to the LEC depending on whether the LEC's price is competitive.

Second tier IXCs, independent OSPs and pay telephone companys pay anywhere from $.18 to $.40 per billing for these billing services. It is believed that the LEC will provide a competitive product to this market segment.

According to People's published information, a typical COPT pay telephone completes 605 calling card calls annually. These calling card calls generate average revenue of $2.88 per call or $1,742 per line annually assuming an average eight minute call.

Basic BPP processing revenue amounts to $266 ($.44 per call) and is comprised of Bong ($.20 per call), LIDB query for caller's PIC and validation ($.18 per call), and transport of call and billing information to IXC/OSP ($.06 per call).

LEC annual Basic BPP processing revenue per line projected to be $266.

Optional Processing revenue amounts to $61 ($.10 per call) and is comprised of call rating ($.03 per call), rate table maintenance ($.01 per call), call duration

recording ($.02 per call), CDR tape preparation ($.02 per call), and CDR tape sorting for billing ($.02 per call).

LEC annual Optional Processing revenue per line projected to be $61.

H. "0-" to "1+" Conversion

According to People's published information, a typical COPT pay telephone completes 213 automated calls and 155 live calls annually. Automated calls generate average revenue of $826 per line annually ($3.88 per call) and live calls generate average revenue of $600 per line annually ($3.88 per call). The $3.88 assumes an average eight minute call.

Automated Calls:

Basic BPP processing revenue for automated calls amounts to $136 ($.64 per call) and is comprised of Bong ($.20 per call), LIDB query for destination's PIC and validation ($.18 per call), custom prompts ($.20 per call), transport of call and billing information to IXC/OSP ($.06 per call).

LEC annual Basic BPP automated call processing revenue per line projected to be $136.

Optional Processing revenue for automated calls amounts to $64 ($.30 per call) and is comprised of call rating ($.03 per call), custom prompts ($.20 per call), rate table maintenance ($.01 per call), call duration recording ($.02 per call), CDR tape preparation ($.02 per call), and CDR tape sorting for billing ($.02 per call).

LEC annual Optional Processsing automated call revenue per line projected to be $64.

Live Calls:

Basic BPP processing revenue for live calls amounts to $136 ($.88 per call) and is comprised of Bong ($.20 per call), LIDB query for destination's PIC and validation ($.18 per call), custom prompts ($.20 per call), live operator ($.24 per call), transport of call and billing information to IXC/OSP ($.06 per call).

LEC annual Basic BPP live call processing revenue per line projected to be $136.

Optional Processing revenue for live calls amounts to $53 ($.34 per call) and is comprised of call rating ($.03 per call), live operator ($.24 per call), rate table maintenance ($.01 per call), call duration recording ($.02 per call), CDR tape preparation ($.02 per call), and CDR tape sorting for billing ($.02 per call).

LEC annual Optional Processing live call revenue per line projected to be $53.

I. Sent-Paid Equal Access

Coin rates include a premium over standard "1+" long distance rates. At present, all coin interLATA "1+" calls are carried by AT&T. Other long distance carriers would pay the LEC the premium over their "1+" rates to access coin traffic from pay telephones presubscribed to them. If long distance carriers would accept repayment from the LECs on what they would have charged on a standard "1+" telephone call, then the LEC could keep the coinage premium over "1+" rates. The long distance carriers would also eliminate their collection problems.

The annual coin interLATA revenue for the pay telephone is $150. Of the $150 total, approximately $100 is the coinage premium over "1+" rates. However, only 35% of all pay telephones are not presubscribed to AT&T. Therefore, the annual new revenue generated would be 35% of $100 or $35.

LEC annual revenue per line projected to be $35.

J. IXC Least Cost Carrier Routing

Several alternative methods are available for the LEC to provide least cost carrier routing to the caller. The alternatives include: (1) Providing a "premium" LEC card to the caller which indicates the desire for this service when the card is utilized; (2) Utilizing custom prompts to offer the service to the caller; or (3) Coupling this service with a specific bank or other credit card that indicates the caller's desire for this service when the card is utilized.

It is estimated that out of the universe of long distance callers, 20% would decline this service while 80% would accept. Of the 80% accepting, 30% would already have the cheapest rate available and 50% would be able to benefit from this service. Assuming 973 non-coin long distance calls annually and the 50% of callers who would accept the service and benefit from it equates to 487 calls annually. By charging a $.25 premium on these 487 calls, the LEC would generate $122 of new revenue annually.

LEC annual revenue per line projected to be $122.

K. Universal Card Conversion

This service would be offered to the non-LEC owned pay telephone owners and is not demonstrated in this presentation.

L. Answer Detection

This service would be offered to the non-LEC owned pay telephone owners and is not demonstrated in this presentation.

M. Coin Handling/Coin in Box Accounting

This service enables the LEC to allow the premise owner, where the LEC pay telephone is located, (e.g., convenience store owner), to periodically collect the coinage. The LEC would then send the owner a bill.

Each coin collection costs the LEC approximately $8 per collection. The average pay telephone requires approximately 19 coin box collections annually. This equates to an average collection expense of $152 annually per pay telephone. If this service could be applied to 50% of all pay telephones, the annual savings would be $71.

LEC annual cost savings per line projected to be $71.

N. 1-0-XXX Fraud Prevention

This service would be offered to the non-LEC owned pay telephone owners and is not demonstrated in this presentation.

O. Chain Dialing

LEC-owned pay telephones cannot provide chain dialing. With the PGP providing this service, the LECs are able to generate revenues for Bong ($.20) and LIDB queries ($.18) for all chain dialed calls without incurring associated costs. Potential chain dialed calls are estimated to be 10% of annual Bong calls (605) or 61 calls annually. The cost savings of $.38 per call for 61 calls equals $23 annually.

LEC annual cost savings per line projected to be $23.

P. Coin Activity Line Monitoring

This PGP service is a maintenance feature which monitors the pay telephone for conditions which would indicate it was inoperable. Such conditions would be the lack of coins going into the coin vault or rapid on/off hook flashes. Both of these conditions would indicate the telephone was not operating properly. Annual revenue generated from reduced "downtime" is estimated at 1% of annual pay telephone revenue ($5,211) or $52.

LEC annual cost savings per line projected to be $52.

Q. Per Call Compensation Accounting

This service would be offered to the non-LEC owned pay telephone owners and is not demonstrated in this presentation.

R. Change Card Interface

The use of a debit card on a pay telephone would reduce fraud on "running the bank" and walkaways. It would also afford the ability to provide services to second tier long distance carriers. This service should generate a minimum cost savings of $175 annually.

LEC annual cost savings per line projected to be $175.

S. Diagnostic Monitor and Maintenance

This PGP applications would encompass diagnosing off-hook conditions such as a lack of dial tone, faulty key pads and other situations. Annual revenue generated from reduced "downtime" is estimated at 1% of annual pay telephone revenue ($5,211) or $52.

LEC annual cost savings per line projected to be $52.

EXHIBIT "C"

MessagePhone, Inc. ("MPI") Comparison
Billed Party Preference ("BPP") Revenue
MPI Payphone Gateway Platform ("PGP") Solution

	Calling Card Per Call Revenue	Automated Per Call Revenue	Live Per Call Revenue
BPP Basic Revenue Components			
Play Bong/Capture Billing Information – A	$0.20	$0.20	$0.20
Query LIDB for Caller's PIC & Validation – B	0.18		
Prompt Caller to Determine Collect Call – C		0.10	0.10
Prompt Caller & Capture Destination Number – C		0.10	
Query LIDB for Destination's PIC & Validation – B		0.18	0.18
Prompt Caller for Destination Number – C			0.10
Live Operator Capture Destination Number – D			0.24
Transport Call & Billing Information to IXC/OSP – E	0.06	0.06	0.06
Total Basic BPP Revenue	0.44	0.64	0.88
Optional Processing Revenue Components			
Rate Call – F	0.03	0.03	0.03
Prompt Caller to Record Name – C		0.10	
Query Collect Destination for Acceptance – C		0.10	
Live Operator Query Collect Destination for Acceptance – D			0.24
Maintain Rate Table – G	0.01	0.01	0.01
Record Call Duration – H	0.02	0.02	0.02
Prepare Tape of CDRs – I	0.02	0.02	0.02
Sort Tape of CDRs for Billing – J	0.02	0.02	0.02
Total Optional Processing Revenue	0.10	0.30	0.34
Total BPP Revenue	$0.54	$0.94	$1.22

* A through J reference to footnotes.

EXHIBIT "C"

MessagePhone, Inc. ("MPI") Comparison
Billed Party Preference ("BPP") Revenue
MPI Payphone Gateway Platform ("PGP") Solution

The following explanations of revenue components are provided for the demonstration of BPP implementation. These revenue components are categorized by "Basic" vs. "Optional" and then by type of call (calling card, automated and live). The presentation is representative of the revenue generated by a typical Local Exchange Carrier ("LEC") owned public pay telephone upon implementation of BPP.

The pricing was developed by sampling representative wholesale prices to Customer Owned Pay Telephones ("COPT's") including but not limited to Sprint, U.S. Long Distance, Inc. and Intellicall, Inc.

A. Play Bong/Capture Billing Information

The industry average charge for playing the Bong (Capturing Billing Information) ranges from $.08 to $.11 per call attempt. Also, current industry experience indicates that for every completed call, the network experiences one which is incomplete (complete/incomplete ratio of 1 to 1). These incompletions, where the LEC incurs costs but does not generate revenue, are caused by such situations as busy or ring/no answer, invalid credit cards, not enough digits being dialed, hang-ups, etc. For presentation purposes, an average of $.10 per call attempt was used with a complete/incomplete ration of 1 to 1 ($.20 for each completed call).

B. Query LIDB for PIC and Validation

The LEC's charge for a LIDB query is comprised of four separate and distinct component parts: (1) Data query; (2) Protocol conversion; (3) Switching; and (4) Transport linkage. Part (1) is $.03 to $.05 and Parts (2) through (4) combined total $.03 to $.07 giving a grand total of $.06 to $.12 for the query. For presentation purposes, an average of $.09 was used for each LIDB query attempt with a complete/incomplete call ratio of 1 to 1.

C. Custom Prompts

Custom prompts for complete/incomplete calls assumes a 1 to 1 ratio. For presentation purposes, $.05 per call attempt was used.

D. Live Operator Assistance

Major carriers estimate that when a live operator is required, that operator will be on the line approximately 40 seconds per call and will cost approximately $.01 per second. Assuming a complete/incomplete ratio of 5 to 1 gives a total cost of $.48 per call completion. For presentation purposes when required, the total was split

$.24 for operator services in Basic Processing Components and $.24 for operator service in Optional Processing Components.

E. Transport Call and Billing Information to IXC/OSP

This step includes transmitting the different layers of information to the carrier and maintaining call detail records for subsequent reconciliation and/or audit. For presentation purposes, $.06 per call completion was used.

F. Rate Call

Major carriers charge $.02 to $.03 for rating a call. For presentation purposes, $.03 per call completion was used.

G. Maintain Rate Table

The LEC will update the appropriate rate tables as required by the carriers. For presentation purposes, $.01 per call completion was used.

H. Record Call Duration

The LEC will run the timer on each respective completed call for billing purposes. For presentation purposes, $.02 per call completion was used.

I. Prepare Tape of CDR's

The LEC will prepare and maintain a tape of call detail records for billing and audit purposes. For presentation purposes, $.02 per call completion was used.

J. Sort Tape of CDR's for Billing

The LEC will sort the tape of call detail records for submission to the appropriate billing authority. For presentation purposes, $.02 per call completion was used.

EXHIBIT "D"

Calculation of Net Loss to a RBOC Due to 10XXX IntraLATA Dial-Around

Annual Service Billings	$ 10 Billion
InterLATA Access Fees	(3)Billion
IntraLATA Services	7 Billion
"0" Service and Transport	X 5%
Revenues	$350 Million

	10% Dial-Around	20% Dial-Around	25% Dial-Around
IntraLATA Dial-Around	$35 Million	$70 Million	$87.5 Million
IntraLATA Access Fees (35%)	(12)Million	(24)Million	(30.0)Million
Net Loss to a RBOC	$23 Million	$46 Million	$57.5 Million

7 RBOCs x Dial-Around at 10% = $161 Million
7 RBOCs x Dial-Around at 20% = $322 Million
7 RBOCs x Dial-Around at 25% = $403 Million

EXHIBIT "D"

EXHIBIT "E"

Debit Cards & Other New Services in the Public Communications Marketplace

WHITE PAPER

Forward

This White Paper highlights Public Communications and various aspects of the consumer market related to debit card phone technology. An analysis is also presented indicating initial low market acceptance of public "debit card only" phones in the United States.

Alternate approaches are discussed that will allow for the introduction of new payphone services, including debit cards, that will significantly increase existing NYNEX revenue streams.

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August 17, 1992